

Internal Revenue Service

Department of the Treasury

District
Director

Date: JUL 17 1985

Person to Contact:

Contact Telephone Number:

Refer Reply to:

CERTIFIED MAIL

Gentlemen:

We have considered your application for recognition of exemption from Federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code of 1954.

The information provided shows that you were incorporated on [REDACTED] in the State of [REDACTED].

The organization was formed for the following purposes:

to engage in research on megaliths in the United States and throughout the world.

to educate the scientific community and the public concerning megaliths and the relationship between megaliths and religious theologies.

to lecture, publish, and produce audio visual educational materials on megaliths.

The organization's activities will be conducted primarily by its creator, [REDACTED], and will include the following:

Completing a manuscript in progress, and getting the manuscript published;

establishing a lecture routine;

outlining future manuscripts to be completed and published;

producing documentaries for public television and educational institutions.

The organization list its sources of support, in order to magnitude, as:

percentage of copyright royalties;

grants to be applied for at a future date;

lecture fees (less agent commission)

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for charitable, scientific or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual, etc.

Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations provides that the term "charitable" includes relief of the poor and distressed, advancement of education and science and the promotion of social welfare designed to accomplish any of the above purposes.

Section 1.501(c)(3)-1(d)(3) of the Regulations define the term educational to include the instruction of the public on subjects useful to the individual and beneficial to the community.

Section 1.501(c)(3)-1(d)(1)(ii) of the Regulations states that an organization is not organized or operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. Thus, to meet the requirement of this subdivision, it is necessary for an organization to establish that it is not organized or operated for the benefit of private interests such as designated individuals, the creator or his family, shareholder of the organization, or persons controlled, directly or indirectly, by such private interests.

In Better Business Bureau v. U.S., 326 U.S. 279 (1945), the Supreme Court stated that the presence of even a single, non-exempt purpose, if more than insubstantial in nature, will defeat exemption under section 501(c)(3) of the Code, regardless of the manner or importance of the truly exempt purposes.

Rev. Rul. 66-104, 1966-1 C.B. 135 holds that an organization which makes funds available to authors for preparing teaching materials and writing textbooks and, under terms of a contract with a publisher receives royalties and shares them with those individuals, does not qualify for exemption under section 501(c)(3) of the Code. Exemption in that case was precluded, even though educational interests were served by the publication of better teaching materials.

Similarly [REDACTED] provides funds for the research of [REDACTED], and the publication of his findings. Royalties from these publications will be shared by the organization and [REDACTED] personally.

As previously stated, an organization exempt under section 501(c)(3) of the Code must serve a public rather than a private interest. In this instance the primary purpose of the organization (although there may be some benefit to the public) inures to the benefit of its creator.

Accordingly, your organization does not qualify for exemption under section 501(c)(3) and your application for exemption is denied.

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Services, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

Contributions made to you are not deductible by the donors as charitable contributions as defined in section 170(c) of the Code.

If you do not agree with this determination, you may protest in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completions.

If we do not hear from you within that time this determination will be considered final and the appropriate State Officials will be notified.

If you do not protest this proposed determination in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7428(b)(2) of the Internal Revenue Code provides in part that "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the district court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service."

Sincerely,

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District Director

Enclosure: Publication 892